
One Pass Contracting Process

User's Guide

Version 2.0

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Philosophy

Achieving the short cycle-time goals of the One Pass process requires a change in thinking; from Government and Contractor personnel viewing each other as adversaries, to seeing each other as partners with common goals. Openness, trust, mutual respect, and teamwork are essential for making One Pass work. The old days of preparing a document and "throwing it over the wall" are over. One Pass requires joint development of SOWs, CDRLs, and contracts. The goal is to eliminate the "scrap and rework" costs associated with multiple proposal submittals and changing requirements. One Pass requires early and frequent communication between the Government and the Contractor to ensure that the right decisions are made early in the acquisition cycle since these decisions are critical to the cost affordability and execution.

Significant "cultural" changes required on the part of the Government and the Contractor include the following concepts:

Commitment

- Implement One Pass Process
- Maintain Senior Management Buy-in
- Empower Integrated Product Team (IPT) leaders and members
- Build trust and confidence
- Clearly define and communicate requirements
- Make and support real time firm decisions

Communication

- Involve DCMC and DCAA earlier
- Share Government evaluations earlier
- Flow-down requirements to subcontractors earlier
- Work together better and smarter
- Solve problems up front
- Eliminate unnecessary documentation

Cooperation

- Promote more "teamwork"
- Eliminate adversarial relationships
- Actively involve both the Government and Contractor in request for proposal (RFP)/contract and Proposal development
- Achieve significant agreement prior to submittal of a proposal--resulting in negotiations focused on unresolved issues

There is really nothing radical about "One Pass"; in fact, the process is not unique to ESC; only the term "One Pass" is unique to ESC. Many other AFMC centers and Government agencies have adopted very similar processes designed to integrate the inputs of all team members into a more concurrent or parallel process. Defense Contract Management Command (DCMC) calls it "Integrated Product Team (IPT) Pricing". Aeronautical Systems Center at Wright-Patterson AFB calls their process "Paradigm". Warner-Robins Air Logistics Center uses an "8-Step" model and Eglin AFB uses the "Review-Discuss-Concur" (RDC) process. Some places don't even have a special name for it at all, they just do something similar because it makes sense. What all of these processes have in common is that the contractor's input is integrated into the development of the RFP/contract and the Government's input is integrated into the preparation of the proposal. Honest feedback and communication are maintained through-out the process.

About this User's Guide

One Pass is a streamlined process to define and scope requirements; prepare contractual documents; generate contractor proposals; and negotiate definitive contract actions for contract changes and new sole source contracts. **One Pass is not appropriate for competitive contract actions since these actions are priced based upon competitive market forces.**

Although not addressed by this guide, an open dialog with industry early in the process for competitive contract actions is an appropriate and effective technique to assist the Government in translating its needs into achievable contract requirements. In a competitive environment, however, it is important that all interested sources be provided an equal opportunity to review information released by the Government and that all sources are provided equal opportunities for input. The One Pass process should not be initiated with a potential contractor for a new contract (or new work supplemental agreement) until the required market research is completed and a Justification and Approval (J&A) for use of other than full and open competition has been accomplished and approved in accordance with Federal Acquisition Regulation (FAR) 6.3. There is no limitation on early, exclusive communications for in-scope changes to existing contracts (e.g., engineering change proposals).

The purpose of this Guide is to assist people implementing the One Pass Process. The information contained in this document should be taken as guidance, not a cookbook. Since every contract action is different, the guidance contained herein must be tailored to specific circumstances.

If you have questions about the One Pass Process, help is available. The answers to commonly asked questions are available for viewing or downloading on the world wide web at ESC/PK's local process guidance web site (http://www.hanscom.af.mil/Orgs/O_Orgs/PK/pklpg01.htm). If you can't access this location or have a new question, send your question via e-mail to wellst@hanscom.af.mil. You will receive a prompt reply and if your question has broad application, it will be added to the web site.

This User's Guide will be updated periodically to reflect the collective experience of the ESC community with the One Pass process. Share your experiences, both successes and failures. Lessons learned from your experiences will help other teams enjoy greater success in the future.

Business Memorandum of Agreement

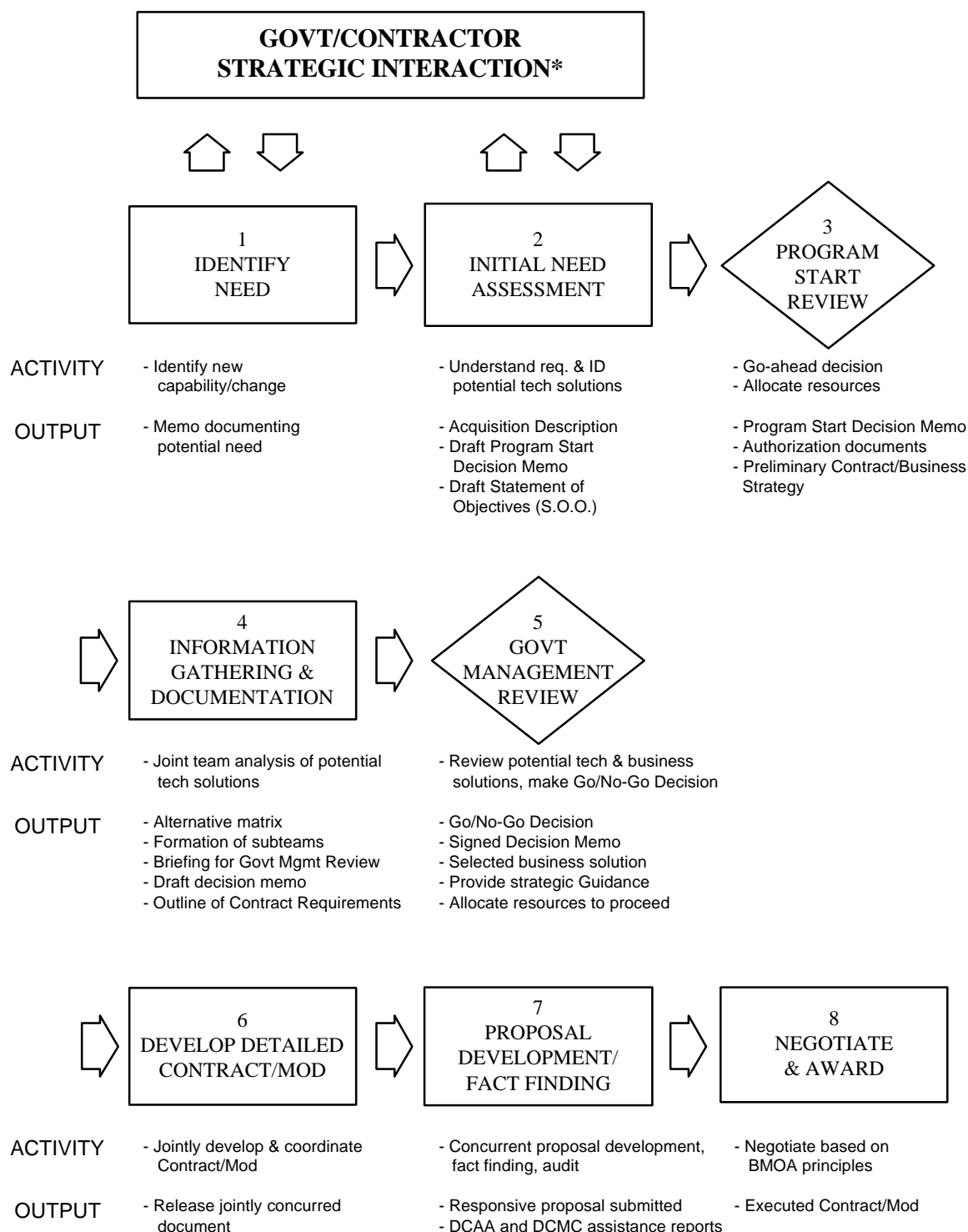
Successful application of the One Pass process requires a commitment on the part of both the contractor and the Government. To ensure that all parties understand and accept the One Pass philosophy, a Business Memorandum of Agreement (BMOA) is recommended. A BMOA is not required to implement One Pass, but it can be very helpful to develop support within the participant organizations, especially with large businesses. The BMOA is not a contract but rather a philosophical commitment on the part of everyone involved. The BMOA is normally drafted by the program office, coordinated with the Contractor, cognizant contract administration (DCMC) and the User (optional), and then signed by each party (see Note 1).

Normally, each Government buying office (system program office or two-letter organization) should have only one BMOA with each contractor that it regularly contracts with on a non-competitive basis. Write the BMOA on a program-wide basis; do not write separate BMOAs for each contract action. If your organization works with the same contractor on several programs, a single BMOA can be used for all contract actions under those programs. If there are differences in the One Pass approach used on the various programs, highlight these differences within the single BMOA or prepare a BMOA for each program.

A sample BMOA is attached to this guide and the process flow and guidelines detailed on the following pages are designed to be used as attachments to the BMOA. You should tailor both the sample BMOA and process to fit the actual process used in your organization.

Note 1: Earlier versions of this guide indicated DCAA should coordinate and sign BMOAs. Although DCAA has, as a rule, been supportive of the One Pass process, most DCAA offices are reluctant to actually sign BMOAs. They feel their role is to provide independent audit support and recommendations to contracting officers and that any agreements to be reached are solely within the contracting officer's province. As an alternative, DCAA offices have issued a letter to the Contracting Officer indicating their awareness of the BMOA and their commitment to support execution of One Pass activities. It is recommended that you coordinate your BMOA with the applicable DCAA office and seek their support in its implementation. The attached BMOA template has been revised to eliminate any reference to DCAA agreement or signature.

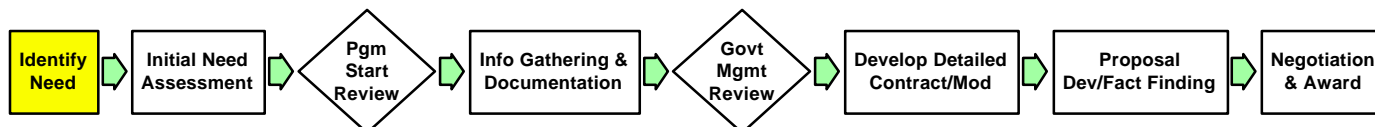
“One Pass” Process Flow (BMOA Attachment 1)



* Senior Management strategic partnering interaction in long term planning

Process Guidelines *(BMOA Attachment 2)*

The following process guidelines were developed to provide guidance for people using the One Pass process. The guidelines include a process overview specifying the outputs and activities included in each process phase and additional guidance detailing the activities to be performed in each phase. This guidance is purposefully general in nature as the method for achieving the result of each phase will vary based on the unique circumstances of any program.



Phase I: IDENTIFY NEED

A. PURPOSE:

Initiate acquisition process. Identify desired or potential new capability/requirement or upgrade to an existing capability/requirement. Need should be traceable to overall strategic planning.

B. INPUT:

A perceived need for a new capability or an upgrade to an existing capability

1. From user community
2. From SPO
3. From Contractor community

C. OUTPUT:

Memo documenting potential need associated with requirement(s)

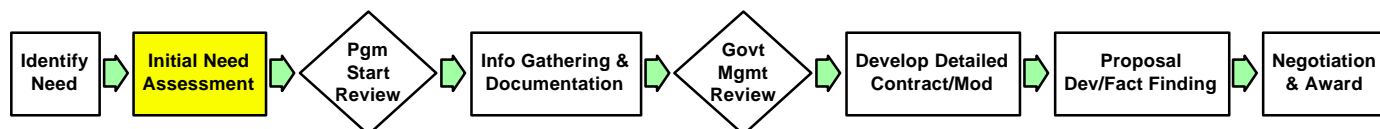
D. RESPONSIBILITIES:

1. Appropriate organization: Notify ESC of potential need.
2. ESC: Receive, analyze, and document potential need. Initiate next step, "Initial Need Assessment".

E. PROCESS SUMMARY:

1. SPO personnel discuss with individual or agency identifying need to determine "fit" of the need with overall strategic plan.
2. SPO personnel work with individual or agency identifying need to develop a memo that summarizes the requirement.
3. Contractor personnel are invited to participate in the strategic planning process and assist in the identification of the needs that are identified.

Process Guidelines *(BMOA Attachment 2)*



Phase II: INITIAL NEED ASSESSMENT

A. PURPOSE:

Provide information necessary to complete Program Start Decision. Conduct activities to identify preliminary technical and contractual alternatives for meeting need.

B. INPUT:

Memo documenting potential need associated with requirement(s)

C. OUTPUT:

1. Acquisition Description which includes:
 - a. Description of Need
 - b. Preliminary alternatives, trade analyses, and/or market research information
 - c. Preliminary Contract Action Plan
2. Draft Program Start Decision Memorandum
3. Draft Statement of Objectives (SOO)

D. RESPONSIBILITIES:

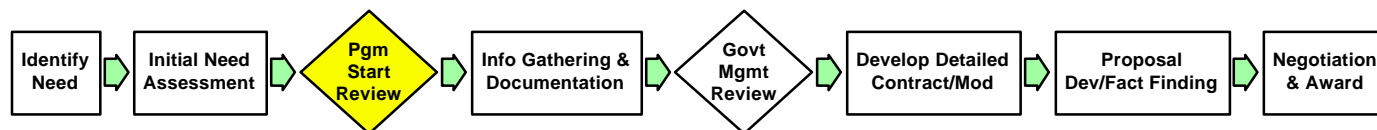
1. ESC:
 - a. May issue a study contract, task order, program research development agreement, broad agency announcement or other instrument to solicit contractor participation in needs assessment activities.
 - b. Form team
 - c. Identify appropriate decision authority
2. Contractor:
 - a. Participate as agreed to on case-by-case basis, generally to provide potential options and planning estimates; solicit subcontractor participation on same basis, as required
 - b. Respond to study contracts, orders, etc. or make corporate investment as appropriate to develop ROM costs for various options, as requested.
3. DCMC: Participate on team as required

E. PROCESS SUMMARY:

1. "Need" is assigned to a Government Program Manager to shepherd it through Phase III of the One Pass process.
2. Program Manager forms a team with MITRE, and Government personnel to identify potential solutions and planning estimates. Team could include contractor(s) by voluntary participation, study contract, order, or other instrument.
3. Government team generates information to support Program Start Decision.
 - a. Preliminary alternatives/trade-offs, Government resource needs, market research information, and quantified success criteria
 - b. Preliminary "Contract Action Plan"
 - Summary of need
 - Recommended approach and alternatives to fill need
 - Proposed acquisition strategy
 - Estimate of resources required to fill need (people, money, and time for each alternative)
 - Issues, identified by each decision level required
4. Government develops briefing of Need Assessment and alternatives and drafts Program Start Decision Memorandum.
 - a. Schedule Program Start Decision briefing

Process Guidelines *(BMOA Attachment 2)*

- b. Contractor may be invited to participate
5. Government develops draft Statement of Objectives (SOO)



Phase III: PROGRAM START REVIEW

A. PURPOSE:

Generate decision and allocate resources needed to perform Information Gathering & Documentation phase of acquisition process

B. INPUT:

1. Acquisition Description which includes:
 - a. Description of Need
 - b. Preliminary alternatives, trade analyses, and/or market research information
 - c. Preliminary Contract Action Plan
2. Draft Program Start Decision Memorandum
3. Draft Statement of Objectives (SOO)

C. OUTPUT:

1. Decision Memorandum
2. Approved funding for contract action
3. Decision to pursue sole source New Start or contract change with rationale/support
4. Preliminary Contract/Business Strategy

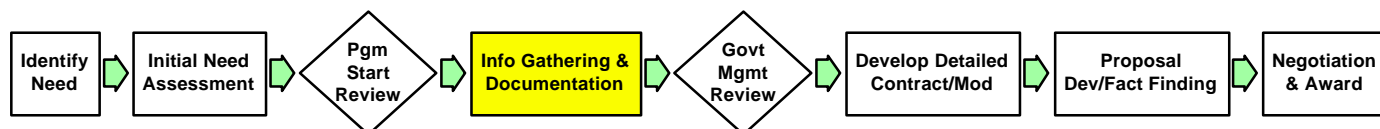
D. RESPONSIBILITIES:

1. ESC: Ensure decision is made and documented, allocate funds, and ensure team availability
2. Other organizations: Support as required (briefings, coordination, etc.)

E. PROCESS SUMMARY:

1. Meeting with appropriate acquisition authority is held to decide whether or not to proceed to Information Gathering and Documentation step. Appropriate acquisition authority could be at the IPT Chief level or as high as SAF/AQ depending on the potential cost impact, size of potential change, etc. If a separate Program Start Review is not held, the Acquisition Strategy Panel (ASP) may serve as the decision forum.
2. Decision made from meeting is documented in a Decision Memorandum (DM).
 - a. DM should be coordinated with user and other appropriate organizations.
 - b. If decision is at the IPT level, a copy of the DM should be provided to SPO, other IPTs, user, and other organizations as appropriate.
 - c. The DM should identify major issues or those requiring higher-level resolution.

Process Guidelines (BMOA Attachment 2)



Phase IV: INFORMATION GATHERING AND DOCUMENTATION

A. PURPOSE:

Generate data and analysis necessary to support the Government Management Review/Decision.

1. The following process is provided as a guide for the team to use in developing the necessary data and analysis. The focus of this phase is to identify and detail alternative approaches to satisfying the Government's requirement and to analyze the risks, costs, schedule, and performance considerations associated with each viable alternative.
2. Government/Contractor teams should be made up of experienced and skilled individuals from affected IPTs/functional organizations. It is suggested a team meeting be held at the beginning of this section and at the end, with other team meetings called as necessary.

B. INPUTS:

The inputs to this phase include, but are not limited to, the following:

1. Program Start Decision Memorandum
2. Approved funding for contract action
3. Decision to pursue sole source New Start or contract change with rationale/support
4. Preliminary acquisition strategy

C. OUTPUTS:

The output of this section will reflect consensus recommendations of the One Pass Team. The outputs include:

1. Formation of Contractor/Government team and Technical, Pricing, Contracts, and Program Management Sub-teams, if appropriate (see Process Summary)
2. Alternative matrix that depicts salient points (see below)
3. Outline of SOW, Specs, deliverable data items, acquisition strategy, and risk management matrix for recommended alternative
4. Draft Decision Memorandum (documenting team's preferred alternative)
5. CCB review package (if contract change) or other briefing for the Government Management Review

	<u>Alt 1</u>	<u>Alt 2</u>	<u>Alt 3</u>
Technical			
Schedule			
Budgetary Planning Estimate			
Advantages			
Risks			
Recommendations			

Process Guidelines *(BMOA Attachment 2)*

D. RESPONSIBILITIES:

1. ESC:
 - a. Form or expand team and take actions as necessary to complete this step
 - b. Identify appropriate decision authority for next step
 - c. Issue letter RFP to initiate contractor effort
 - d. Lead document preparation effort
2. DCMC: Participate on Team as required
3. DCAA: Participate on Team as required
4. Contractor:
 - a. Establish Contractor team, including subcontractors, if required, to support the development of the technical, cost, and contract information
 - b. Obtain necessary management approval for inputs to budgetary planning estimate and the assumptions upon which the estimate is based

E. PROCESS SUMMARY:

1. LETTER RFP: Contracting officer provides written letter RFP to initiate contractor participation. As a minimum for new contracts, the letter RFP must include the following information (see FAR 15.402(g)) and should specifically solicit contractor participation in the One Pass process:
 - RFP number and date
 - Name and address of buying office
 - Type contract anticipated (pricing arrangement)
 - Description of need/requirement including quantity and delivery
 - Applicable certifications and representations required with proposal (Section K)
 - Expected contract terms and conditions (reference to prior contracts or updates provided)
 - Anticipated proposal submission date
 - Other relevant information: Final SOO and draft outline of CLIN structure/WBS.
2. APPOINTMENT OF PROPOSAL MANAGERS: The respective Program Managers may appoint Government and Contractor Proposal Managers, who will be responsible for the conduct of this phase of the One-Pass process. Those Proposal Managers may appoint additional team members commensurate with the complexity of the action so that all necessary IPTs and functional organizations are represented from ESC, the user, DCMC, DCAA, and the Contractor.
3. INITIAL TEAM MEETING: Government and Contractor Proposal Managers will have an initial team meeting to accomplish the following tasks:
 - a. Define, review and/or validate:
 - Criteria for go/no-go decisions for each alternative
 - Outputs from Phases II and III
 - Action plans for this phase
 - Outline of Final Briefing for this phase
 - Detailed description of each alternative technical/business solution
 - b. Develop a schedule for the completion of all documentation and remaining phases of One Pass process.
4. ESTABLISHMENT OF SUB-TEAMS: If the action is a new contract for major program effort, four sub-teams may be identified and co-chaired by Government and Contractor personnel. The sub-team membership should be comprised of a representative number of personnel from each organization. Figure 1 depicts the four sub-teams and the products that could be developed for the recommended solution. A sub-team has been identified as prime for each product. In this matrix, the sub-team with the "P" has primary responsibility for completing the product. Sub-teams with an "S" must support the sub-team with the "P". Sub-teams with an "I" must receive the work from this sub-team as an input into their own products.

Process Guidelines (BMOA Attachment 2)

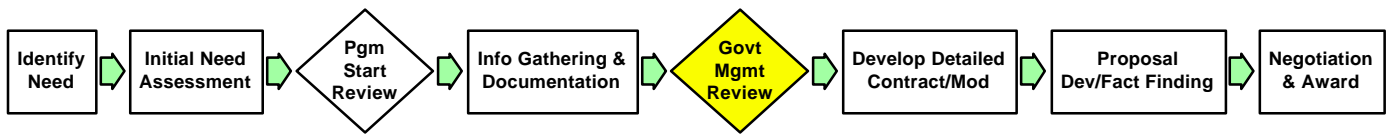
5. DEVELOPMENT OF DOCUMENTATION: The team (or sub-teams, if established) develop documentation to support the Government Management Review (Phase V).
 - a. Alternative matrix indicating the various potential technical solutions, cost/schedule estimates, risk assessments, and advantages/disadvantages associated with each alternative is created.
 - b. The team selects a recommended solution.
 - c. A risk management matrix is prepared for the recommended solution, if appropriate.
 - d. The team works together to outline draft documentation required to execute the recommended solution including: specifications, top level work breakdown structure/CLIN structure (revising the version provided with letter RFP as required), statement of work, contract data requirements, unique contract terms and conditions (if any), and recommended business strategy considerations.
 - e. Preparation of a package for CCB approval (if contract change) or other briefing/documentation required to support the Government Management Review.

Figure 1: Sub-Team Roles and Responsibilities

SUB-TEAMS				
<u>PRODUCTS</u>	<u>Technical</u> (Including Engineering, Logistics, Quality, and Configuration/Data)	<u>Pricing</u>	<u>Contracts</u>	<u>Pgm Mgmt</u>
SOW / CDRL	P	I	S	S
Specifications	P	I	-	-
WBS	S	S/I	-	P
Terms & Conditions	-	I	P	S
Contract Strategy	S	S/I	P	S
Implementation Plan GFP/Base Supt	S	I	I	P
Pricing	S	P	S/I	S
CLIN Structure	S	S/I	P	S

Legend: P=Primary Responsibility; S=Support to Primary Resp. I=Receives as Input from Primary Resp.

Process Guidelines *(BMOA Attachment 2)*



Phase V: GOVERNMENT MANAGEMENT REVIEW

A. PURPOSE:

Decision point for System Program Office to review potential technical and business solutions obtained from the Information Gathering and Documentation Phase to authorize program/project continuation.

B. INPUT:

1. Alternative matrix (with cost/schedule estimates and risk assessments)
2. Risk management matrix, SOW/Specs outline, Data item listing, identified business strategy issues and recommended acquisition approach for recommended solution.
3. Briefing for cognizant decision authority summarizing the above items.
4. Draft Decision Memorandum documenting the recommended solution.

C. OUTPUT:

1. A decision to continue or not continue pursuing the approach developed in Phase IV based on analysis of alternative matrix success criteria
2. A Decision Memorandum documenting the decision reached
 - a. Signed by cognizant decision authority
 - b. Selects technical and business solution/strategy
 - c. Provides strategic guidance
 - d. Allocates resources necessary to proceed (money, manpower)
3. CCB Approval (if contract change). Acquisition Strategy Panel (ASP) approval if not completed as part of Phase III.

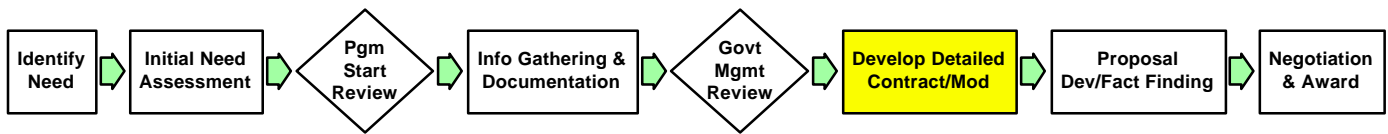
D. RESPONSIBILITIES:

1. ESC: Ensure decision is made and documented, provide resources necessary for next phase.
2. Other Organizations: Support as required (briefings, coordination, etc.)

E. PROCESS SUMMARY:

1. Team presents briefing(s) to CCB, SPO Council, ASP or other forum in problem solving format:
 - a. Statement of the problem (i.e., need)
 - b. Identification of alternatives
 - c. Discussion of alternatives
 - d. Recommended solution
 - e. Implementation plan (technical/business)
2. Cognizant decision authority evaluates presentation in accordance with success criteria defined in Initial Need Assessment phase and approved in Program Start Decision.
3. Decision is made to continue and appropriate Decision Memoranda are signed.

Process Guidelines *(BMOA Attachment 2)*



Phase VI: DEVELOP DETAILED CONTRACT INFORMATION

A. PURPOSE:

To jointly develop and coordinate documents for a clearly understood, executable contract or contract modification

B. INPUTS:

1. Decision Memorandum (In the event that this memorandum has not yet been created, the team should create the memorandum and seek management signature.)
2. Draft Documents (outlines)
 - a. SOW
 - b. Integrated Master Schedule
 - c. Integrated Master Plan
 - d. System Level "A" SPEC
 - e. GFP/GFD
 - f. Contract Data Requirements List (CDRL) / Data Item Description (DID)
 - g. Top Level WBS
 - h. Model contract/mod (Terms and Conditions , CLINs)
 - i. Other documents as needed

C. OUTPUTS:

Jointly concurred contract or contract modification understood by both parties that captures all requirements. At minimum, the document will include final versions of:

1. SOW
2. Specifications (if required)
3. CDRLs
4. Milestone schedule
5. Complete model contract or Supplemental Agreement
6. List of GFP
7. Security guidance, if required

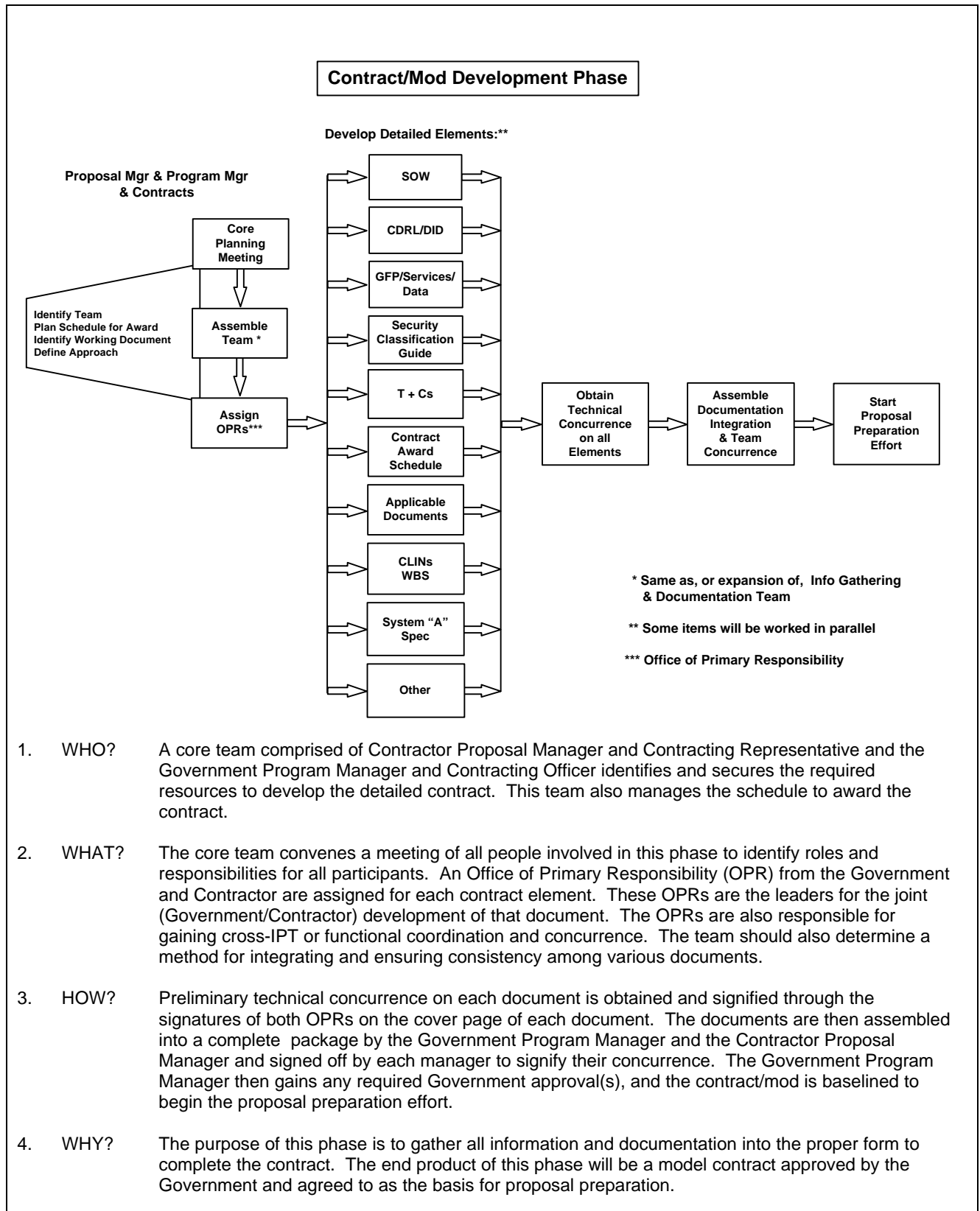
D. RESPONSIBILITIES:

1. ESC & Contractor:
 - a. Assign the appropriate experienced expertise to accurately define and write contract tasks and system requirements.
 - b. Reach understanding of requirements prior to proposal preparation to avoid additional requirements creep after proposal preparation is initiated.
 - c. Reach understanding about the allocation of risk.
2. ESC: Allow Contractor inside the RFP/contract development effort. The contract should be a document that is developed together, not drafted then tossed "over the wall" for review and comment. The joint development is essential to ensure mutual understanding of the intent of the government and the meaning behind the words.

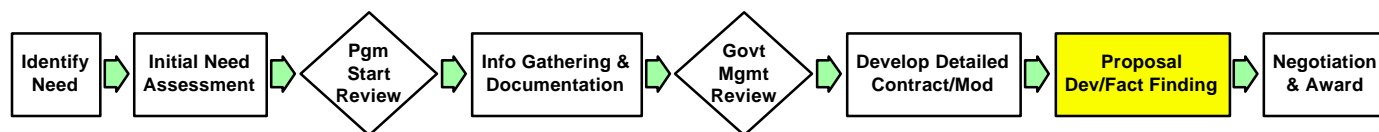
Process Guidelines (BMOA Attachment 2)

E. PROCESS SUMMARY

The following Process Flow depicts the activities in the Develop Detailed Contract/Mod phase:



Process Guidelines *(BMOA Attachment 2)*



Phase VII: PROPOSAL DEVELOPMENT AND CONCURRENT FACT-FINDING

A. PURPOSE:

The Government and the Contractor build the proposal together to ensure the proposal is complete and well-supported.

B. INPUTS:

A mutually understood model contract document

C. OUTPUTS:

1. A responsive proposal submitted
2. DCAA and DCMC assistance reports submitted

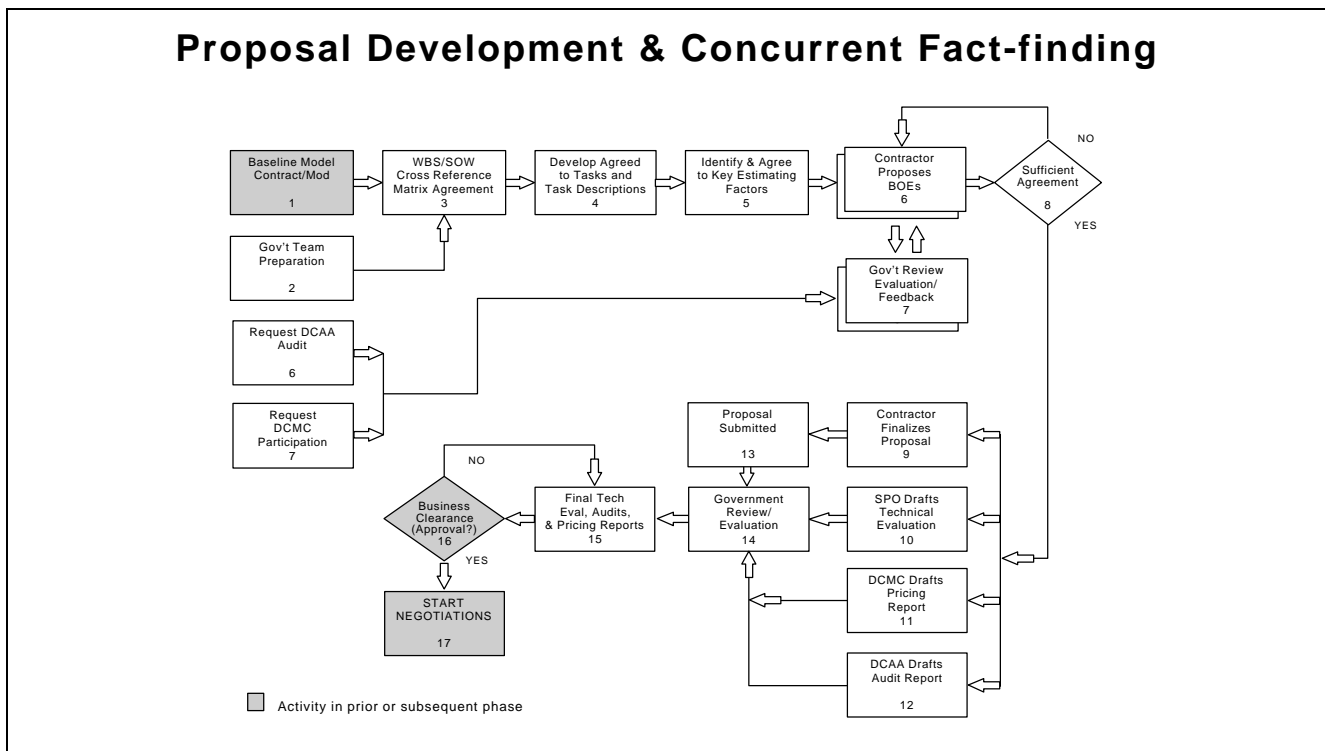
D. RESPONSIBILITIES:

1. ESC & the Contractor: Empower proposal evaluation team to reach agreement on tasks, basis of estimates, numbers and types of hours, material, and other direct cost elements. Determine a mutually agreeable variance in the event actual agreement cannot be reached. Objective to reduce areas of difference such that respective positions are within reasonable negotiation range.
2. Contractor: Submit proposal per "One Pass" meeting agreements. Identify final basis of estimates used. Facilitate early access of information to DCAA and DCMC.
3. ESC: Review and evaluate proposal per "One Pass" discussions.
4. DCAA: Perform audits, provide input to evaluation activities as requested by Contracting Officer.
5. DCMC: Perform assistance review

E. PROCESS SUMMARY

The following process flow depicts the activities in the Proposal Development and Concurrent Fact-finding phase:

Process Guidelines (BMOA Attachment 2)

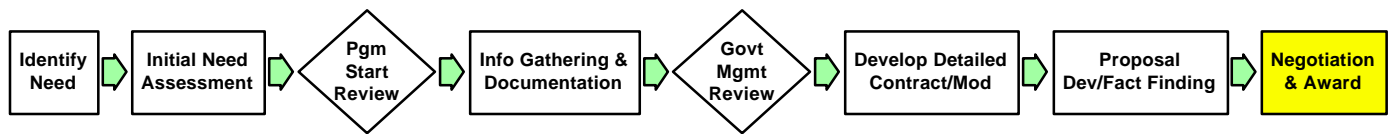


1. **Baseline Model Contract/Modification:** The Proposal Development and Concurrent Fact-Finding phase is initiated when the parties agree that the requirement to be priced is accurately defined in the contract documentation. This documentation is an output of the prior phase.
2. **Government Team Preparation:** At some point prior to entering this phase, the Government team was assigned. Before beginning the activities in this phase, the Government team should meet and develop ground rules and expectations for this part of the process to ensure adequate preparation. A few key issues to cover are: who has responsibility for what areas, who has collateral or supporting responsibilities for each area, what is the status of the contractor's forward pricing rates, what constitutes sufficient agreement for this action (see item 8, below), what products are expected from each team member? Basically, the team should develop an approach and strategy for this phase of the process.
3. **WBS/SOW Cross-Reference Matrix Agreement:** The first step in translating a defined requirement into a price proposal is to ensure that all statement of work tasks track to an element of the work breakdown structure. As part of this activity, the contractor should modify and expand the top level WBS to the level at which estimates will be developed. Although this activity is primarily driven by the contractor, the Government should participate and provide feedback so as to ensure a mutually agreed to contract WBS and cross-reference.
4. **Develop Agreed to Tasks and Descriptions:** The SOW describes the required tasks at the top level, but the specific tasks to be accomplished to satisfy the contract requirements are developed by the contractor in consideration of how the contractor plans to approach the effort. Many negotiations have broken down over not the magnitude of effort required to accomplish the task, but rather whether the task was even required at all to satisfy the contract objectives. This step is designed to eliminate that potential stumbling block by reaching agreement on necessary lower level tasks and descriptions before the effort is priced. At the completion of this step, the parties should have complete agreement regarding the specific tasks to be undertaken to complete the contract.

Process Guidelines *(BMOA Attachment 2)*

5. Identify and Agree to Key Estimating Factors: There are often key factors that affect multiple parts of a proposal such as quantity of engineering drawings, class 2 engineering changes, software lines of code, program review meetings, data submissions, etc. If possible, you should identify these key factors and reach agreement on either the best estimated quantity or the most likely quantity range to baseline factors that have impacts upon multiple individual estimates.
- 6 & 7. Contractor Proposes Basis of Estimate and Government Review, Evaluation and Feedback: This is an iterative process which really gets to the heart of the One Pass process. The contractor develops preliminary basis of estimates (BOEs) for each agreed-to task and provides these BOEs incrementally in draft form to the Government who reviews, evaluates and provides feedback. The goal of this process is to first reach agreement on a reasonable method for developing the estimate versus reaching agreement on the resulting estimate (hours). In this process, the parties should reach agreement first upon the estimating approach and then upon the factual data which goes into the estimate. Differences in judgment (subjective adjustments made to factual data) are then identified and quantified. The Government team may also propose methods of estimating the tasks that are considered reasonable approaches.
8. Sufficient Agreement: The iterative proposal and evaluation process ends when there is sufficient agreement. What is "sufficient" will depend upon the situation and the objectives of the contractor/government team. The general rule is that any differences between the respective positions should be reasonably achievable through bottom-line cost/price negotiations. If an FPRA exists for all rates and factors, the team may establish a goal of near 100% closure on direct labor hours, subcontract prices, and material quantities/prices, leaving only the application of profit/fee to definitize the price. If there are significant rate differences that can not be resolved through the participation of the Administrative Contracting Officer and DCAA, then it may be desirable to only discuss the most likely range of costs for specific elements. Compromises or trade-offs on areas of judgment are normally best left to the bottom-line price negotiations. The team may also elect only to discuss major portions of the estimate or major disagreements leaving all smaller elements or minor differences to the later bottom-line negotiation. The team should recognize there tends to be a natural point of "diminishing returns" where the magnitude of difference does not warrant continued investment of time and energy. It is usually neither efficient nor productive to try to reach agreement on every cost element in the proposal. Each situation will differ and no firm guideline is possible. Ideally, both parties should agree what will constitute sufficient agreement for the action being processed.
9. Contractor Finalizes Proposal: Once the parties agree that sufficient agreement has been achieved, the contractor begins to prepare the formal proposal for submittal reflecting the agreements that have been made. Note that the proposal must still contain the final basis of estimates used, but extensive supporting detail should not be required.
10. System Program Office Drafts Technical Evaluation: Since all parties should have a good understanding of what the final proposal will look like, several concurrent activities are possible. Concurrent with final preparation of the proposal, the SPO can draft the technical evaluation which should address differences resolved during One Pass and the final Government positions on all elements.
11. DCMC Drafts Pricing Report: If the contract administration office has been requested to provide a written pricing report or other technical input, this can also be drafted concurrent with the final proposal preparation.
12. DCAA Drafts Audit Report: The final audit report can also be drafted during this period.
13. Proposal Submitted: The formal proposal is received by the Government.
14. Government Review/Evaluation: The proposal is quickly reviewed to ensure that it is consistent with the "sufficient agreement" position. If any changes have been made, they have been adequately explained.
15. Final Technical Evaluation, Audits and Pricing Reports: The draft reports are reviewed for consistency with the final proposal, updated and finalized as appropriate.
16. Business Clearance Approval: This is the first step in the next phase. Business Clearance review is initiated and approval to enter negotiations is requested. Sometimes comments are received which require corrections/changes to the file documentation. Once issues have been resolved, the parties commence negotiations.
17. Negotiations: If the One Pass process has been successful, final bottom-line cost/price negotiations are completed in a matter of hours or, at worst, days. All other contract terms and conditions and contract documentation issues should have been resolved prior to this point.

Process Guidelines *(BMOA Attachment 2)*



Phase VIII: NEGOTIATIONS AND AWARD OF CONTRACT/MODIFICATION

A. PURPOSE:

1. Negotiate in accordance with the principles in the BMOA
2. Award contract/modification

B. INPUT:

A proposal understood by both parties and technical/audit reports

C. OUTPUT:

Signed contract/mod. Contract award received by the Contractor.

D. RESPONSIBILITIES

ESC and Contractor:

- a. Empower negotiation team to reach timely agreement
- b. Prepare final contract and staff through review process

E. PROCESS SUMMARY:

1. Government business clearance
2. Authorization to negotiate
3. Negotiation
4. Confirmation
5. Certification(s)
6. Contract clearance
7. Contract execution

Sample: Business Memorandum of Agreement (BMOA)

The following is a sample Business Memorandum of Agreement (BMOA). **Page 6 of this Guide is used as Attachment 1 and Pages 7 through 19 of this Guide are used as Attachment 2 to this BMOA.**

This agreement outlines the tenets and principles of the One Pass process.

BUSINESS MEMORANDUM OF AGREEMENT for < *Program Name* > STREAMLINED CONTRACT ACTION PROCESS (ONE-PASS)

1. PURPOSE:

It is the mutual goal of the Government and the Contractor to effect a cultural change in the way requirements are communicated to the Contractor and in the way and time frame in which proposals are prepared, evaluated, negotiated, and awarded. It is important to the organizations involved to reduce cycle time and rework through improved communications, commitment, and cooperation. Therefore, this Business Memorandum of Agreement (BMOA) establishes a mutually acceptable framework for sole source < *Program Name* > contract actions. All signatories to this document agree to put forth a good faith effort in implementing the concepts contained herein through improved commitment, communication, and cooperation.

a. Commitment

- (1) Implement One Pass Process
- (2) Maintain Senior Management Buy-in
- (3) Empower Integrated Product Team (IPT) leaders and members
- (4) Build trust and confidence
- (5) Clearly define and communicate requirements
- (6) Make and support real time firm decisions

b. Communication

- (1) Involve DCMC and DCAA earlier
- (2) Share Government evaluations earlier
- (3) Flow-down requirements to subcontractors earlier
- (4) Work together better and smarter
- (5) Solve problems up front
- (6) Eliminate unnecessary documentation

c. Cooperation

- (1) Promote more "teamwork"
- (2) Eliminate adversarial relationships
- (3) Actively involve both the Government and the Contractor in Request for Proposal (RFP)/Contract and Proposal development activities
- (4) Achieve significant agreement prior to submittal of a proposal -- resulting in negotiations focused on unresolved issues

2. SCOPE:

This BMOA applies to all sole source < *Program Name* > follow-on contracts and contract changes unless mutually agreed otherwise. This agreement does not relieve any of the undersigned from complying with all applicable Federal law or applicable Federal Acquisition Regulations and all supplements to these documents.

Process Guidelines (*Sample BMOA*)

3. **CRITICAL CONCEPTS:**

The process agreed to herein is based on communication, commitment, and cooperation as essential to achieving a win-win outcome in the acquisition process. All parties will be forthright, professional, and consistent in their dealings. This process is based on the following:

- a. Involvement of both the Government and the Contractor throughout the process is the key to minimizing process action time from identification of need through contract award.
- b. The Government and the Contractor will cooperate in strategic planning for future capability growth of the < *Program Name* > program.
- c. The Contractor and the Government will negotiate process-enabling terms, conditions, and mechanisms which are needed for consistency across all < *Program Name* > contracts.
- d. The Government and the Contractor will implement continuous improvements to include established estimating metrics/standards and Forward Pricing Rate Agreements.
- e. The goal is to develop an executable program more quickly through the introduction of joint requirements definition and concurrent fact finding / proposal development.

4. **PROCESS SUMMARY:**

The "One Pass" process flow is shown in Attachment 1. The key elements this process introduces are:

- a. Increased Contractor involvement in initial need assessment and information gathering and documentation stages to provide a better basis for the Government decisions.
- b. Increased discipline in Government decisions:
 - (1) The Government Program Start Review provides a "go/no-go" decision and allocates resources to the information gathering and documentation stage.
 - (2) The Government Management Review selects from among potential technical solutions, ensures adequate resources and provides contract/business strategy guidance.
- c. Government/ Contractor team development of Statement Of Work (SOW) and other contract documents to ensure all top level tasks are understood and reasonable.
- d. Concurrent Government/Contractor proposal fact-finding to:
 - (1) Ensure agreement on detailed task descriptions that implement the SOW
 - (2) Seek agreement on basis of estimates required to accomplish the tasks.

5. **PROCESS RESULTS:**

This improved contracting process will result in:

- a. Shorter cycle time to definitize contracts and deliver the final product due to better mutual understanding of objectives and elimination of rework.
- b. Increased visibility into the strategic vision for system modifications and integration of modifications into the < *Program Name* >.
- c. Reduced contracting costs based on fewer contract modifications after award due to the Contractor and the Government having a mutual understanding of requirements and resources.

Process Guidelines (*Sample BMOA*)

6. **ORGANIZATIONAL RESPONSIBILITIES:**

Overall Process Flow (Attachment 1) and Process Guidelines (Attachment 2) describe each process step. Each party agrees to the following:

a. ESC agrees to:

- (1) Initiate action to establish a joint Government/Contractor program team for each identified need.
- (2) Recognize that early Contractor involvement may require a funded contract action in accordance with the Contractor's cost accounting disclosure statement.
- (3) Recognize preliminary cost estimates as non-binding on the Contractor.
- (4) Conduct concurrent proposal development and fact finding. Define with the Contractor the highest WBS level which allows proper proposal evaluation.
- (5) Implement process controls that provide linkage to strategic vision and provide rapid closure of Government decisions.
- (6) Coordinate field pricing and audit assistance early with DCAA and DCMC as necessary to evaluate Contractor proposals properly. Provide results of assistance reports to the Contractor.
- (7) Work with the Contractor to keep proposal updates to a minimum.
- (8) Execute contractual actions promptly.
- (9) Implement measures to provide insight into process effectiveness.
- (10) Provide information to the Contractor regarding Government perceptions of risk associated with the task content of the SOW.

b. The < Program Name > < User/Customer Liaison > agrees to (optional):

- (1) Participate as an active member of the program team providing input regarding the acquisition objectives and contract tasks.
- (2) Support expedited decision making with regard to acquisition alternatives and trade-offs.
- (3) Participate as requested by ESC in all phases of the One Pass process.
- (4) Ensure the using command is kept current with regard to in-process contract actions and that the program office is continuously informed with regard to changes in operational needs or available funding.

c. DCMC at the Contractor agrees to:

- (1) Continuously work with ESC to ensure coordinated Government dealings with the Contractor.
- (2) Communicate and coordinate with ESC in determining the acceptability/non-acceptability of proposal support (documentation and format).
- (3) Continue to negotiate Forward Pricing Rate Agreements (FPRA).
- (4) Participate as requested by ESC in concurrent proposal development, fact finding, and technical evaluation.
- (5) Provide a proposal analysis report to ESC as necessary.
- (6) Follow-up and support ESC in negotiations as necessary.
- (7) Aggressively work with the contractor to resolve any potential estimating, purchasing, and accounting system deficiencies cited by DCMC or DCAA.
- (8) Coordinate with DCAA to ensure that their inputs are integrated into the concurrent proposal development, fact finding, and technical evaluation process.

d. The Contractor agrees to:

- (1) Submit all sole source proposals in accordance with this agreement unless mutually agreed otherwise.
- (2) Use current estimating system and implement future improvements which will yield proposals consistent with the goals of One Pass.

Process Guidelines (*Sample BMOA*)

- (3) Provide and support all information in a timely manner to the Government team for the One Pass reviews
- (4) Use existent FPRAs in all proposals and cooperate with DCMC establish FPRAs where they do not now exist.
- (5) When appropriate, establish similar BMOAs with key subcontractors to include involving the subcontractor in the early phases of this process.
- (6) Provide to the Government an assessment that describes the risk resulting from technical and task content of the SOW.
- (7) Work with the Government to keep proposal updates to a minimum.

7. EFFECTIVE PERIOD OF AGREEMENT:

This agreement becomes effective on the date of the last approval signature to this BMOA and remains in effect for 2 years unless extended by all parties. This agreement represents a managerial commitment to improved relationships and business practices-- it is not a contract. Any party may, therefore, give notification and withdraw from this agreement rendering it immediately void without prior notice to the other parties. The parties agree to review this BMOA annually to ensure continuous improvement of the contract change process. The BMOA may be changed as required by mutual consent of the undersigned or their designated representatives. Moreover, specific procedures developed between any of the undersigned which facilitate the implementation of this BMOA may be incorporated herein by reference during the annual review

Program Director-< *Program Name* >
Electronic System Center

Signature

Date

< *Title of Company Representative* >
< *Company Name* >

Signature

Date

< *Name and Title/Rank* >
Commander, Defense Plant Representative Office

Signature

Date

< *Name and Title/Rank* >
< *User Liaison/Organization* >

Signature

Date